



Date: January 25, 2016
To: Thomas J. Bonfield, City Manager
From: Germaine Brewington, Director of Audit Services
Subject: Transmittal of Dependent Eligibility Verification Performance Audit (December 2015)

Executive Summary

The Department of Audit Services completed the report on the Dependent Eligibility Verification Performance Audit dated December 2015. The purpose of the audit was to verify that dependents enrolled for health and dental benefits through the City are eligible for coverage.

Background

The City spent approximately \$28 million in FY 2015 to provide health and dental benefits to employees, retirees and qualified dependents. Ensuring that only eligible dependents are enrolled in these benefits will help reduce overall healthcare costs.

At present the City does not require employees to submit during the annual enrollment period, documentation to support eligibility of the dependents that they choose to enroll for these benefits. The Human Resources Department staff recognized this risk exposure and requested the Audit Services staff perform a Dependent Eligibility Verification Audit.

The City of Durham has 1,465 employees that enrolled dependents in the City's health and dental benefits beginning September 1, 2015. Of these 1,465 employees:

- 979 employees enrolled dependents for both dental and health benefits;
- 319 employees enrolled dependents for health benefits only; and
- 167 employees enrolled dependents for dental benefits only.

Results in Brief

Overall 98.5% of dependents verified were eligible to be enrolled in the health and/or dental benefits. Audit staff could not determine eligibility for 8 of the 688 dependents selected for review. In addition, 2 ineligible dependents were enrolled for benefits that did not qualify based on the eligibility criteria.

Issues and Analysis

The attached report details the objectives, observations, and results of the Dependent Eligibility Verification Performance Audit dated December 2015.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Dependent Eligibility Verification Performance Audit dated December 2015 as presented and approved at the January 25, 2016 Audit Services Oversight Committee meeting.

Attachment